

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

MICHAEL MILLER,

*Plaintiff,*

v.

ABRAMS, FENSTERMAN, FENSTERMAN,  
EISMAN, GREENBERG, FORMATO &  
EINIGER, LLC, et al,

*Defendants.*

Docket 10-cv-02156-JFB-AKT

United States Courthouse  
Central Islip, New York

December 17, 2012  
1:49:32 p.m. - 2:10:24 p.m.

TRANSCRIPT FOR CIVIL CAUSE  
- FINAL APPROVAL OF CLASS ACTION SETTLEMENT -  
BEFORE THE HONORABLE JOSEPH F. BIANCO  
UNITED STATES DISTRICT JUDGE

A P P E A R A N C E S :

*For Plaintiff:*

CATHLEEN M. COMBS, ESQ.  
Edelman, Combs, Lattuner & Goodwin, LLC  
120 S Lasalle Street, 18<sup>th</sup> Floor  
Chicago, Illinois 60603  
312-739-4200; Fax: 312-419-0379  
ccombs@edcombs.com

*For the Plaintiff:*

ABRAHAM KLEINMAN, ESQ.  
Kleinman, LLC  
626 RXR Plaza  
Uniondale, New York 11556-0626  
516-522-2621; Fax: 888-522-1692  
akleinman@kleinmanllc.com

*For Defendant:*

KENNETH M. LABBATE, ESQ.  
Mound Cotton Wollan & Greengrass  
One Battery Park Plaza  
New York, New York 10004  
212-804-4200; Fax: 212-344-8066  
klabbate@moundcotton.com

*Transcriber:*

AAA ELECTRONIC SOUND REPORTERS  
888-866-5135; 888-677-6131 fax  
electronicsound@court-transcripts.net

*(Proceedings recorded by electronic sound recording)*

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1 COURTROOM DEPUTY: Calling case 10-cv-2156, Miller v.  
2 Abrams. Counsel, please state your appearances for the record.

3 MS. COMBS: Good afternoon. This is Cathleen M. Combs  
4 on behalf of Plaintiff.

5 MR. KLEINMAN: And Abraham Kleinman for the Plaintiff  
6 as well, Your Honor.

7 MR. LABBATE: And Ken Labbate for the Defendant, Your  
8 Honor.

9 THE COURT: Okay. Good afternoon. As you know, we're  
10 here for the final approval hearing with respect to the proposed  
11 class action settlement. I received the papers that were  
12 submitted on December 10 in connection with the hearing. And  
13 I'll just give counsel a brief opportunity to summarize whatever  
14 it is they'd like to summarize from those papers before I place  
15 the Court's ruling on the record, okay?

16 MS. COMBS: Okay. I would like to update the figures  
17 a little bit, Your Honor.

18 THE COURT: Sure.

19 MS. COMBS: Since we submitted our memo, actually, the  
20 amount of actual damages that would be paid to the class members  
21 who had paid money -- the Court of course recalls that this is a  
22 situation where a law firm who had sued people who didn't owe  
23 money. And it turns out that there were people, additional  
24 people, who were able to show that in fact they were entitled to  
25 more money. So the total amount that would be paid in the

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1 actual damaged funds now is \$61,847.47.

2 Also --

3 THE COURT: All right. Can you give me that again,  
4 because --

5 MS. COMBS: Yeah. 61,000.

6 THE COURT: Okay.

7 MS. COMBS: \$847.47. And then --

8 MR. LABBATE: Cathy?

9 MS. COMBS: Yeah?

10 MR. LABBATE: We have 846

11 THE COURT: Yeah, I was just looking at the final  
12 order. It says 846. Is that a typo?

13 MS. COMBS: Whoa, whoa. She told me -- she told me  
14 it's 847. So perhaps I should double-check --

15 THE COURT: Yes.

16 MS. COMBS: -- with the person who did the numbers and  
17 let the Court know --

18 THE COURT: Yeah. You can double --

19 MS. COMBS: -- either six or seven.

20 THE COURT: Yep.

21 MS. COMBS: Also, there were late claims forms. In  
22 our brief it said 9 late claim forms, but we got 2 more,  
23 including a one hundred year old woman who was very persuasive.  
24 And so we would like the Court to approve 11 additional late  
25 claim forms. So that would be if all of the 11 late claim

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1 forms, plus 73 timely claim forms, there would be 84 class  
2 members receiving approximately \$535.71. So, those are  
3 basically the different figures. And I will double-check on  
4 that.

5 THE COURT: Okay.

6 MS. COMBS: Okay. But basically this is a Fair Debt  
7 Collection Practice Act class action law suit. We settled with  
8 the mediator, and it was an arm's length negotiation. And the  
9 settlement includes two parts, the return of the actual money  
10 paid to the actual damages, and an amount for statutory damages  
11 which is approximately the net worth -- one percent of the net  
12 worth of the Defendant. Obviously, they said they were worth  
13 less; we said they were worth more, and that was negotiated.

14 We're seeking --

15 THE COURT: Was there some discovery with respect to  
16 that?

17 MS. COMBS: Yes.

18 THE COURT: Okay.

19 MS. COMBS: We did a lot of discovery in this case,  
20 Your Honor. Depositions and lots of documents were produced.  
21 We're asking that the Court approve obviously the class amounts  
22 that we talked about, but we're asking that the Plaintiff  
23 receive \$2,500. He's entitled to up to \$1,000 as his own  
24 individual statutory damages. He had to be deposed and it was a  
25 long and difficult, I would say arduous, deposition. So we

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1 would ask the Court to approve that.

2 We're also asking for attorney's fees in the amount of  
3 \$113,000, which is actually less than our time, our time and  
4 expenses. That also includes the cost of mediation that we're  
5 asking for reimbursement for.

6 The thing that I think is important to note here is  
7 that notices were sent out to 865 people; that 85 were returned  
8 as undeliverable. We actually returned and re-mailed 128,  
9 because we wanted to make sure that the actual people with  
10 actual damages were notified. And we received 75 timely claim  
11 forms and 11 late claim forms. This is a settlement where there  
12 were no objections and no opt-outs. So the response of the  
13 class members, and we did a thorough mailing here, was very  
14 positive to this.

15 Your Honor, we believe that it's a very good result  
16 for the class, and we would ask the Court to approve the  
17 settlement, and the attorney's fees and the payment to the  
18 Plaintiff.

19 THE COURT: Okay. Thank you. Mr. Labbate, anything  
20 you want to add?

21 MR. LABBATE: No, Judge, that's subject to confirming  
22 the actual damage amount. We too would ask that Your Honor  
23 approve the settlement.

24 THE COURT: Okay. Thank you. Let me place the  
25 Court's ruling on the record. Let me just -- there's nobody

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1 here to object.

2 MS. COMBS: Just an observer, not a class member.

3 THE COURT: Right. So, I just wanted to note that for  
4 the record. And the Court will place its ruling on the record  
5 now. I won't repeat the standard for approving the settlement,  
6 a class action settlement, in great detail. I will simply adopt  
7 the standard that I laid out in a prior -- two prior opinions  
8 involving different settlement. That would be Dupler v. Costco  
9 Wholesale Corporation, 705 F. Supp. 2d 231 (April 15, 2010),  
10 which goes through the standard for determining whether a  
11 settlement should be approved under the "Grinnell" factors,  
12 which again, the law is laid out extensively in that opinion; as  
13 well as the law with respect to attorney's fees, and the  
14 loadstar and the percentage methods, as well as for incentive  
15 awards to class members.

16 I adopt the legal standard set forth in that case in  
17 its entirety. As well as in the Dupler v. Costco case, 249 FRD  
18 29 (Eastern District, January 31, 2008), which sets forth, again  
19 in great detail, the Rule 23 requirements for certification of a  
20 class. And I adopt that standard in its entirety as well.

21 As both sides note in the memorandum that was -- it's  
22 the Plaintiff's memorandum submitted in connection with the  
23 settlement in this case, the Supreme in the Second Circuit made  
24 clear that before approving a class action settlement the  
25 district court must first be satisfied that the elements of Rule

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1 23(a) and 23(b) have been met. Even though that was done  
2 preliminarily back in August, the Court must look at it again in  
3 light of any objections, and in light of the record as whole to  
4 make sure that the requirements continue to be met. And then  
5 once it is determined that those requirements have been met, the  
6 Court must determine whether the settlement is fair and  
7 reasonable under the "Grinnell" test set forth by the Second  
8 Circuit in City of Detroit v. Grinnell Corp., 495 F.2d 448, 463,  
9 (Second Circuit, 1975).

10 Applying that standard here, I am approving the  
11 settlement for -- and I'll briefly again state the reasons on  
12 the record applying that standard to this case. First, I do  
13 believe that the late claims should be accepted. I think we  
14 have 11 now, is that what you said?

15 MS. COMBS: That's correct.

16 THE COURT: So those claims should be accepted  
17 notwithstanding the fact that they were postmarked after the  
18 deadline, especially in light of Hurricane Sandy and other  
19 issues that people may have had. So they should be allowed to  
20 participate in the settlement.

21 Just moving to the Rule 23 factors; in going through  
22 them briefly, and again I reiterated this at the time of the  
23 preliminary approval, and I will again analyze it here. First,  
24 it is clear that the settlement class that was certified here is  
25 so numerous that joinder of all members is impracticable. We

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1 have over 800 individuals who met the class definition and were  
2 sent notice pursuant to my order. And this certainly meets the  
3 numerosity requirement of Rule 23(a)(1).

4 And by the way, I should have said this earlier, with  
5 respect to the notice procedure, I find that it was implemented  
6 consistent with the Court's order, which certainly satisfies the  
7 process that is necessary under the law for class settlement.

8 With respect to Rule 23(a)(2), there's no question  
9 that the claims within this class arise from common questions of  
10 law and fact. It involved a form letter seeking to collect  
11 debts from nursing home -- for nursing home care provided to  
12 persons other than the individuals to whom the letters were  
13 addressed. And therefore, given the common letter that was sent  
14 to the class members, what's clear to the Court and continues to  
15 be clear to the Court that the common questions of fact and law  
16 continue to predominate this case, thereby satisfying Rule  
17 23(a)(2).

18 23(a)(3), for the reasons that I just stated with  
19 respect to the other requirements, the commonality and  
20 typicality requirements are satisfied, again, because of the  
21 common questions of law and fact. Those requirements are  
22 clearly met for the reasons I've already stated and won't  
23 repeat.

24 With respect to 23(a)(4), Plaintiff in this case, the  
25 named Plaintiff, as well as class counsel, will fairly and



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1 adequately protect the interest of the settlement class. As I  
2 previously noted, the experience of Plaintiff's counsel in class  
3 action FDCPA litigation, they have demonstrated that in a way  
4 that they have diligently pursued these claims, both in terms of  
5 the discovery, as well as litigation in the case, and the  
6 mediation efforts. And there's no indication with respect to  
7 the Plaintiff representative of any interest that are  
8 antagonistic to the class as a whole. And therefore Rule  
9 23(a)(4) is clearly satisfied.

10           Moving to Rule 23(b)(3), I find that common questions  
11 predominate over the individual issues. I'm not sure what the  
12 individual issues would be in this case given the core facts and  
13 law that predominate each of the individual -- predominate the  
14 claims as a whole, but it is clear that the common questions  
15 predominate over whatever individual issues would exist.

16           I also find for the same reasons that a class action  
17 is the superior method to resolve these claims given the large  
18 number of class members and the relatively small dollar amounts  
19 that would be issued with respect to each individual class  
20 member, whether they bring the case themselves. This is a clear  
21 example of how a class action presents a superior method to  
22 fairly and efficiently adjudicate all the claims of the class  
23 under Rule 23(b)(3). And obviously the class members have the  
24 ability to opt-out if they wish to. And here, there are no  
25 objections or exclusions that were received.

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1           So for all those reasons I find that Rule 23(a) and  
2   23(b) have been met. I now move to the review of the settlement  
3   terms under the "Grinnell" factors.

4           I find that all the factors in this case, all the  
5   "Grinnell" factors favor approval of the settlement as fair and  
6   reasonable for the following reasons.

7           First, just going through the factors, in terms of the  
8   procedural fairness as was noted by Plaintiff's counsel today,  
9   and is clear to the Court from my supervision of the case, the  
10   parties here operated at arm's length; there was extensive  
11   discovery; and the participated in mediation which helped  
12   achieve the settlement. So procedurally there's no question in  
13   my mind that the settlement is procedurally fair.

14           With respect to the complexity, expense and likely  
15   duration of the litigation, if there were not a settlement,  
16   there certainly would have been, notwithstanding the  
17   considerable time and effort that has been made already,  
18   substantial additional time and effort with respect to summary  
19   judgment, and if the claims would have survived summary  
20   judgments, additional litigation with respect to the case as a  
21   whole. So those factors certainly favor -- that factor favors  
22   the settlement in this case.

23           With respect to the reaction of the class members, as  
24   it's been noted, has been uniformly positive. No request for  
25   exclusion or objections to the settlement. So that favors

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1 approval of the settlement.

2           With respect to the stage of the proceedings, the  
3 amount of the discovery completed, it has been noted there has  
4 been extensive discovery in the case, and there's no question  
5 that this factor, given the amount of time and effort and  
6 litigation that has already gone on with respect to the case,  
7 this factor certainly favors settlement as well.

8           With respect to the risk -- well, I'll take 4, 5, and  
9 6 together, which deal with the risk of establishing liability,  
10 of establishing damages, and maintaining the class action  
11 through the trial, notwithstanding what I've said regarding the  
12 common questions of law and fact, there's always the potential  
13 risks of maintaining the class through a trial, as well as the  
14 risks of establish liability with respect to the summary  
15 judgment motion that would have certainly been pursued as well  
16 as then establishing the level of damages. There are risks  
17 inherent to all those areas of further litigation. And these  
18 factors as a group certainly favor the settlement in this case.

19           With respect to the range of the reasonableness of the  
20 settlement in light of the best possible recovery, as well as  
21 the range of the reasonableness of the settlement fund to a  
22 possible recovery in light of the attendant risks of litigation,  
23 I find that the amounts that were achieved as part of this  
24 settlement fairly balance those risks of pursuing the case  
25 further has been noted.

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1           With respect to the statutory damages that were done  
2 after discovery regarding what one percent would be with respect  
3 to the revenues of the Defendant, as well as the actual damages  
4 for the people who actually lost money, constitutes a 100  
5 percent payout to them.

6           MS. COMBS: Correct.

7           THE COURT: So the class I think obviously has done  
8 very well with respect to the settlement, especially in light of  
9 the attendant risks that continue to litigate the case. So for  
10 all those reasons, I find that the settlement is procedurally  
11 fair and substantively fair with respect to the class members,  
12 and is approved.

13           With respect to the attorney's fees in this case,  
14 again, the standard is set forth in the Costco opinion I believe  
15 whether you did this by the percentage method or the loadstar  
16 method, although I think in this particular case, the loadstar  
17 method is a better reflection of what the appropriate amount  
18 should be. I think that the fees and costs being sought are  
19 reasonable in light of the settlement that was achieved, and the  
20 time and money that were expended by Plaintiff's counsel in  
21 achieving that settlement.

22           And as they noted in the papers, it's important to  
23 note that the settlement fund to the class is not being reduced  
24 as a result of the fees. The fees are being paid independent of  
25 the common fund for the class members. And is an additional

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1 reason why the loadstar method is appropriate in this case. And  
2 therefore I am awarding the fees requested of \$112,566.80, as  
3 well as the costs of \$10,468.93 based upon the declarations that  
4 were submitted.

5 Similarly, I approve the payment of \$2,500 to  
6 Plaintiff, the named Plaintiff in settlement of his claims and  
7 for his role as class representative. Given that he represented  
8 the class and had to go through the deposition, I believe that's  
9 a reasonable amount to be paid for his role as the class  
10 representative.

11 So for all those reasons, I'm approving the  
12 settlement, including the attorneys fees and costs and the  
13 payment to the class representative in its entirety and my  
14 intention will be to sign the final approval order once we  
15 confirm the dollar amounts.

16 MS. COMBS: Okay. One other point; the Defendant has  
17 agreed only to pay up to \$113,000 even though we've expended  
18 more.

19 THE COURT: Oh. Okay.

20 MS. COMBS: And then we'll get back -- we'll submit a  
21 correct figure. I'll have to go back to my office and figure  
22 out what happened. And we can just send that -- could we just  
23 send an order to the Court?

24 THE COURT: Yes.

25 MS. COMBS: All right.

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1 THE COURT: Just send a revised order.

2 MS. COMBS: Yes.

3 THE COURT: Or just send me a letter saying that the  
4 one you submitted is correct if it's correct.

5 MR. LABBATE: That's fine, Judge.

6 MS. COMBS: Yes.

7 MR. LABBATE: Just so the record is clear, the parties  
8 agreed to attorney fees of \$113,000.

9 MS. COMBS: Right.

10 MR. LABBATE: I think the other numbers were probably  
11 their declaration as to --

12 THE COURT: Yes.

13 MS. COMBS: Yes.

14 MR. LABBATE: -- the value of what they estimated.

15 THE COURT: I'm glad you pointed that out, because  
16 that's what I was looking at, but I see now for the final order  
17 that it reflects what the settlement agreement was. So I'm  
18 approving the fees in the amount of -- fees and costs in total  
19 in the amount of \$113,000. Okay?

20 MS. COMBS: Correct.

21 MR. LABBATE: Thank you.

22 MS. COMBS: And then I will let the Court know whether  
23 or not the current order is the correct figure. If not, we'll  
24 submit a new one.

25 THE COURT: Okay. Great.

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1 MS. COMBS: All right.

2 THE COURT: All right. Is there anything else for  
3 today?

4 MS. COMBS: I think that's it, Your Honor.

5 MR. LABBATE: That's it, Judge.

6 THE COURT: Okay. Thank you.

7 MR. LABBATE: Thank you.

8 THE COURT: Have a good day.

9 MS. COMBS: Thank you very much.

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CERTIFICATION

I, Rochelle V. Grant, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.

Dated: January 22, 2013

  
\_\_\_\_\_  
Rochelle V. Grant